

Message Text

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C O N F I D E N T I A L ADDIS ABABA 3930

E.O. 11652: GDS
TAGS: EAID, EINV, ET, US
SUBJECT: USAID PROGRAM AND COMPENSATION

SUMMARY. DURING THE PAST FIVE DAYS, THE AMBASSADOR HAS HAD AN OPPORTUNITY TO DISCUSS AT CONSIDERABLE LENGTH WITH BOTH RELIEF AND REHABILITATION COMMISSIONER AND THE FINANCE MINISTER THE RELATIONSHIP BETWEEN THE US DEVELOPMENT AID PROGRAM, AND COMPENSATION OF AMERICAN CITIZENS AND CORPORATIONS FOR THEIR PROPERTY WHICH WAS EXPROPRIATED. BOTH SENIOR OFFICIALS EXPRESSED UNDERSTANDING AND SYMPATHY FOR THE PROBLEM AND SAW THE ADVANTAGES TO ETHIOPIA FROM STEPS WHICH WOULD CONSTITUTE SIGNIFICANT PROGRESS. THEY PROMISED TO DISCUSS THE ISSUE WITH THEIR COLLEAGUES, AND THE FINANCE MINISTER SAID HE WOULD ATTEMPT TO FIND A SOLUTION WHICH COULD UNLOCK THE USAID PROGRAM. END SUMMARY.

1. RELIEF AND REHABILITATION COMMISSIONER SHIMELIS ADUGNA INVITED THE AMBASSADOR AND THE ACTING AID DIRECTOR TO ACCOMPANY HIM ON A VISIT TO GEMU GOFA PROVINCE SEPTEMBER 1-2. TRIP PROVIDED AN OPPORTUNITY FOR US OFFICIALS TO VISIT ARBA MINCH, KONSO AND ARBORE, THREE TOWNS WHICH WOULD BE INVOLVED IN PROPOSED AID PROJECT SOUTHERN GEMU GOFA, PHASE II. DURING AN INFORMAL DINNER GIVEN BY THE AMBASSADOR FOR SHIMELIS SEPTEMBER 1, THERE WAS AN OPPORTUNITY TO DISCUSS AT LENGTH THE RELATIONSHIP BETWEEN THE USAID PROGRAM AND THE COMPENSATION ISSUE. SHIMELIS WAS PARTICULARLY IMPRESSED BY THE US EFFORTS TO DEVELOP SOLUTIONS
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WHICH WOULD NOT NECESSARILY SET PRECEDENTS FOR THE CLAIMS OF OTHER COUNTRIES. HE UNDERSTOOD THE NEED FOR A POLITICAL SOLUTION TO AN IMMEDIATE OBSTACLE RATHER THAN TO CONTINUE TO RELY ON THE APPARENTLY INTERMINABLE LEGAL PROCEDURES OF THE COMPENSATION COMMISSION. HE PROMISED TO BRING THE MATTER TO THE ATTENTION OF HIS COLLEAGUES. (ONE UNCONFIRMED RUMOR IS THAT SHIMELIS MAY BE EASED OUT OF HIS PRESENT JOB AND MADE AMBASSADOR TO WASHING-

TON, BUT THERE HAVE BEEN MANY RUMORS OF SHIMELIS'S DEMISE FOR SOME YEARS NOW.)

2. ON SEPTEMBER 6, MINISTER OF FINANCE TEFERRA WOLDE-SEMAYAT RECEIVED AMBASSADOR FOR POSTPONED COURTESY CALL, WHICH HAD BEEN MUCH DELAYED BY THE ROUND OF BUDGET REVIEWS FOR THE NEW ETHIOPIAN FISCAL YEAR. AFTER A BRIEF REVIEW OF IBRD VP WAPPENHANS'S RECENT VISIT WHICH RESULTED IN NO SIGNIFICANT NEW INFORMATION, AMBASSADOR MADE PRESENTATION OF AID PROGRAM WHICH HAD ORIGINALLY BEEN ENVISAGED FOR FY-78 AND OF WHICH VERY LITTLE HAD ACTUALLY BEEN SIGNED BECAUSE OF LACK OF PROGRESS ON COMPENSATION ISSUE, AS WELL AS TECHNICAL DIFFICULTIES WITHIN ETHIOPIAN MINISTRIES AND ORGANIZATIONS. MINISTER OF FINANCE FOLLOWED PRESENTATION WITH CLOSE INTEREST AND WAS ALSO INTERESTED IN SUMMARY TABLE OF US DEVELOPMENT ASSISTANCE SINCE 1952, AS WELL AS SUMMARY SHEETS SHOWING US ASSISTANCE THROUGH REGIONALLY FUNDED PROGRAMS AND US EMERGENCY RELIEF ASSISTANCE IN FY-78, INCLUDING INDIRECT ASSISTANCE THROUGH WFP, UNICEF AND CRS, ALL APPROPRIATELY IDENTIFIED AND LABELED. AMBASSADOR OUTLINED THE NATURE OF SIGNIFICANT PROGRESS WHICH WOULD BE ACCEPTABLE TO US. FINANCE MINISTER COUNTERED WITH SOME OF THE STANDARD ETHIOPIAN ARGUMENTS, INCLUDING THAT THE COMPENSATION COMMISSION HAD BEEN HARD AT WORK AND HAD SOUGHT INFORMATION FROM THE CLAIMANTS, WHO WERE OFTEN UNRESPONSIVE. AMBASSADOR REPLIED THAT FOR OUR PART, WE ONLY KNEW OF THE RECEIPT OF A REQUEST FOR ADDITIONAL INFORMATION BY THE KALAMAZOO SPICE COMPANY, AND THAT ALL OTHER

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AMERICAN CLAIMANTS, AT LEAST, HAD BEEN POLITELY RECEIVED WHEN THEY APPROACHED THE COMPENSATION COMMISSION BUT TOLD THAT THE COMMISSION WOULD GET IN TOUCH WITH THEM IN DUE COURSE. EVEN STERLING DRUG, WHICH HAD BEEN ASSURED IN 1977 THAT ITS CLAIM WAS A GOOD AND WELL-DOCUMENTED ONE AND WOULD BE AMONG THE FIRST GROUP OF CLAIMS TO BE SETTLED, HAD BEEN TOLD IN EFFECT, "DON'T CALL US; WE'LL CALL YOU." (77 ADDIS ABABA 6797)

3. MINISTER OF FINANCE SAID THAT ETHIOPIA HAD GREAT NEEDS FOR ECONOMIC ASSISTANCE NOT ONLY FROM THE US BUT FROM A PANOPLY OF INTERNATIONAL DONORS. THE AMBASSADOR MUST HAVE SEEN THE NEED PERSONALLY ON HIS RECENT TRIP TO GEMU GOFA PROVINCE. THE MINISTER WAS ANXIOUS TO FIND A SOLUTION TO THE COMPENSATION QUESTION WHICH WOULD PERMIT AID TO FLOW. AS FINANCE MINISTER, THIS HAD TO BE A HIGH-PRIORITY OBJECTIVE. THERE WERE MANY LEGAL COMPLICTIONS BUT HE APPRECIATED THE NEED FOR A POLITICAL SOLUTION TO WHAT HAS BEEN AN INTRACTABLE PROBLEM BETWEEN OUR TWO COUNTRIES. HE VOLUNTEERED TO RAISE THE ISSUE WITH HIS COLLEAGUES AND DISCUSS THE PRESENTATION WHICH THE AMBASSADOR HAD MADE.

4. COMMENT: WE FOUND TWO SYMPATHETIC LISTENERS WHO SEEM TO UNDERSTAND THE PROBLEM AND RECOGNIZE THAT IT WAS IN ETHIOPIA'S

INTEREST TO SOLVE IT. WHAT CAN BE ACHIEVED AT THE CORE OF
THE PMGSE REMAINS TO BE SEEN BUT WE ARE CONTINUING OUR EFFORTS
TO EDUCATE THOSE AT THE PERIPHERY.
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